I. B. Power Project of Orissa

3833. SHRI CHIMANBHAI MEHTA: Will the Minister of POWER be pleased to state :

(a) whether it is a fact that 420 MW I.B. Power Project of Orissa is going to cost Rs. 2,000 crores;

(b) what are the reasons for such high cost project, which is almost 33 to 50 per cent higher compared to on-going projects;

(c) whether it is a fact that AES, handling the I.B. project, would invest 55 per cent of equity i.e. Rs. 270 crores only, and Rs. 600 crores are going to be raised as loans from Financial Institutions of India and another Rs. 540 crores, i.e. 180 million dollars, from abroad;

(d) whether it is a fact that AES transnational company would recover all its investment after five years of generation of electricity and eight years after the commencement of the project; and

(e) whether the expected return on the project cost is more than 16 per cent?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : (a) and (b) The promoters of 420 MW I.B. Valley Power Project have submitted a project report to CEA indicating that the estimated cost of the project is Rs. 1894.4 crores. However, the revised project report on the basis of bids received by the Company is yet to be submitted to the Central Electricity Authority (CEA). The reasonableness of the cost would be examined by the CEA after receiving the revised project report.

(c) As per tentative financial package furnished by the promoters, the project cost would be financed with 25% as equity and 75% as debt in the form of loan from financial institutions. 30% of the equity is proposed to be invested by AES.

(d) No, Sir.

(e) It would be permitted to include 16% return on equity at 68.5% plant load factor in the fixed cost of the tariff of the electricity generated. For higher levels of generation, the Company would earn incentive as agreed between OSEB and AES.

Power Project in Dabhol by Enron Corporation

3834. SHRI K. R. MALKANI: Will the Minister of POWER be pleased to state :

(a) whether it is a fact that Enron Corporation of U.S.A. sold its stock of its 110 MW Complex at Subic, Philippines at a high premium even before the Plant went on steam, as reported in Indian express dated the 7th March, 1994; and

(b) whether Government propose to take steps to prevents such profiteering by Enron on its Power Project in Dabhol, Maharashtra, until the project is completed?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : (a) ENRON have informed that the charges of profiteering against them are completely baseless. Divesting equity in a project to local partners, after it has been under development, is an internationally recognised practice. Further, they have informed that in the case of Subic Bay project, Enron sold stock to its local partner at a fair market value after the project had been developed but early in the Construction Phase.

(b) Enron is a multinational company involved in doing power projects in several countries around the globe. In view of (a) above, the question does not arise.

Incentive for Increasing the Plant Load Factor in Power Plants

3835. SHRI K. R. MALKANI: Will the Minister of POWER be pleased to state :

(a) whether it is a fact that Government give an incentive of 0.7 per cent for every percentage increase in the Plant Load Factor (PLF) of Power Plants beyond the 68.5 per cent base PLF limit, at which generators are guaranteed a return of 16 per cent on the risk capital;

(b) whether it is also a fact that Government have given a higher incentive of 1 per cent to a complex being promoted by a U.S.M.N.C., A.E.C. trans power as reported in Indian Express, dated the 9th March, 1994; and

(c) whether it is a fact that this will mean a bonanza of Rs. 800 crores for this company ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : (a) The tariff notification dated 31-3-92 applicable to generating companies provides that 16% return on equity will be one of the elements of fixed charges in the tariff to be recovered for generation at 68.5% Plant Load Factor. The notification also provided that generation above this level shall be at negotiated rates between the generating company and the Board. The amendment dated 19-1-94 to the tariff notification, *inter alia,* provides that for generation above 68.5% PLF, additional incentive payable shall not exceed 0.7% return on equity for each per cent point increase in PLF.

(b) The Orissa State Electricity Board had concluded a Power Purchase Agreement in which an incentive on 1% additional return on equity for every 1% point rise in generation beyond 68.5%. Plant Load Factor was provided in terms of earlier tariff notification of 31-3-92 which provided that generation above 68.5% shall be at negotiated rates between the Board and the generating companies.

(c) No, Sir.

Joint Ventures in Power Sector

3836. SHRI M. A. BABY : Will the Minister of POWER be pleased to state how many joint ventures have been signed in the power sector during the last one year alongwith the details regarding the area of investment, and type of technology involved, commissioning schedule, capacity, extent of investment and share of foreign participation ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : National Thermal Power Corporation have signed a Joint Venture Promoters' Agreement in June, 1993, with Spectrum Technologies USA (STUSA) Inc. and Jaya Food Industries (JFI), Hyderabad for setting up a 208 MW Gas Based Combined Cycle Power Project at Kakinada in Andhra Pradesh. Three Gas Turbines and One Steam Turbine are expected to be commissioned between 20-26 months from the date of finance closing. The estimated cost of the project is Rs. 772.84 crores, with 60% foreign equity.

After procuring the generating units from M/s. Fuji—Sumitomo, Japan, under OECF Aid, Assam State/Assam State Electricity Board have signed MOU on 25-3-1993 with Bharat Hydro Power Corporation Limited for completion of the Karbi Langpi hydel project through Joint Venture. The Project Report has been received for examination in Central Electricity Authority/Central Water Commission. The estimated cost would be Rs. 284.30 Crores (with IDC) and Construction programme is for two and half years.

M/s. AES Transpower Corporation and Orissa Power Generation Corporation Limited (A Government of Orissa Undertaking) have formed a Joint Venture. Ib Valley Project (IVP), for installing Units 3 & 4 (2×210 MW) of Ib Valley TPS (coal based) at Baraharpali in the Sambalpur District of Orissa. A Power Purchase Agreement (PPA) was signed in May, 1993 between IVP and Orissa State Electricity Board (OSEB). The estimated cost is Rs. 1894.412 Crores with debt equity ratio of 3 : 1. Financial Package has not been finalised. The commissioning schedule for first Unit is 37 months and for second Unit 48 months after financial closing.

Visakhapatnam TPP (2×500 MW) is being implemented by a Joint Venture company of Andhra Pradesh State Electricity Board, Ashoka Leyland and National Power Plc., U.K. and a MOU was signed on 17-7-1992.

World Bank's Conditions for Financial Assistance to NTPC

3837. SHRI M. A. BABY : Will the Minister of POWER be pleased to state :

(a) whether it is a fact that the World Bank has intimated Government that its financial assistance to National Thermal Power Corporaion (NTPC) would be discontinued if some conditions or guidelines are not fulfilled by the NTPC;

(b) if so, the details thereof; and

(c) the steps contemplated by Government and the National Thermal Power Corporation to tackle the situation arising out of World Bank's directions ?